



The State of New Hampshire  
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

March 26, 2008

The Honorable Robert J. Letourneau, Chair  
N.H. Senate  
Transportation and Interstate Cooperation Committee  
Legislative Office Building, Room 101  
Concord, New Hampshire 03301

**Re: House Bill 1220, establishing a commission to study the taxation of alternative fuel and electric-powered motor vehicles**

Dear Senator Letourneau and Members of the Committee:

Thank you for the opportunity to comment on behalf of the Department of Environmental Services (DES) regarding HB 1220, which seeks to establish a commission to study the taxation of alternative fuel and electric-powered motor vehicles for the purpose of funding improvements to the state's highways and bridges. DES supports the establishment of a study commission to find an equitable highway funding solution, but is concerned the proposed duties of this commission are too narrowly focused and place an undue burden on cleaner burning alternative fuel and advanced technology vehicles.

Specifically, DES recommends the duties established in Paragraph 3 be amended to read as follows:  
"The commission shall study the taxation of motor vehicles for the purposes of funding improvements to the state's transportation system, in particular relative to the impact of reduced funding due to fuel economy improvements and use of alternative fuels."

DES agrees that adequate funding of the New Hampshire highway fund is necessary to preserve and improve the state's transportation system, provide for mobility of people and goods throughout the state, and preserve and protect the state's natural resources. Current funding levels in the state's highway fund are of concern, particularly given projected cuts in available federal funding. It is wise for the state to study the current funding formula and plan for a future highway fund that will support a transportation system meeting the needs and goals of the state. However, to specifically consider a tax that weighs disproportionately on cleaner, advanced technology vehicles and on vehicles owners that have chosen fuel efficient vehicles contradicts other state policies and actions that specifically seek to promote the use of such vehicles.

Over the past twenty or more years there has been a steady increase in the number of vehicle miles traveled in the state and a corresponding increase in the proportion of air

pollution caused by motor vehicles. At the same time the fuel economy of the vehicle fleet remained flat, or even declined slightly, thus increasing sales of motor vehicle fuels. By contrast, in the past year we have seen a slight reversal in this trend as the economy weakens, fuel prices climb, and regional, national, and global attention focuses on the issue of climate change. Motor vehicles are one of the primary contributors to greenhouse gas emissions, comprising over 30% of all greenhouse gas emissions. As states and nations respond to the need to reduce GHG emissions it is likely that in the coming years there will be increasing advances in fuel economy and the use of more renewable fuels. It is important that New Hampshire not take steps to thwart this move toward more sustainable forms of transportation. At the same time it is necessary to preserve a highway fund that allows the state to develop and maintain an adequate transportation system.

Through our Air Resources Division and the Granite State Clean Cities Coalition DES has worked to increase use of advanced vehicle technologies and cleaner burning motor vehicle fuels, and to improve the fuel economy of the vehicle fleet. DES welcomes the opportunity to work with this committee and/or a study commission to develop a method to fund our transportation system while continuing to find ways to provide incentives for our citizens to reduce their energy use by reducing their vehicle miles traveled, purchasing more efficient vehicles, and using cleaner burning and renewable motor vehicle fuels.

Thank you for the opportunity to comment on HB 1220. Please call me at 271-3503 or Rebecca E. Ohler, Supervisor of the Mobile Source Section, at 271-6749 if you have any questions or would like further information.

Sincerely,

  
for Thomas S. Burack  
Commissioner

*Michael A. Wells, Ass't. Comm.*

cc: HB 1220 sponsors